

**SeniorCare Waiver Application
Attachment A Budget Neutrality**

Table 1A Hypothetical Scenario Medicaid Members Age 65+ SFY 1998 to SFY 2009

	Pre-Waiver Previously Submitted to CMS ¹				
	Actual SFY98	Actual SFY99	Actual SFY00	Actual SFY01	Actual SFY02 ³
Member Months	765,095	762,290	763,574	759,105	765,297
Members	63,758	63,524	63,631	63,259	63,775
Cost per Member per Month (PMPM)	\$1,385	\$1,426	\$1,489	\$1,559	\$1,709
Net Medicaid Expenditures ²	\$1,059,737,542	\$1,086,982,017	\$1,136,742,709	\$1,183,751,984	\$1,307,723,150
Cost per Member Change		2.9%	4.4%	4.7%	9.6%
Member Month Change		-0.4%	0.2%	-0.6%	0.8%

	Projections Previously Submitted to CMS						
	SFY03	SFY04	SFY05	SFY06	SFY07	SFY 08 ⁶	SFY 09
Member Months	780,603	796,215	812,139	824,321	832,564	832,564	831,732
Member Months Percent Change		2.0%	2.0%	1.5%	1.0%	0.0%	-0.1%
Members ⁴	65,050	66,351	67,678	68,693	69,380	69,380	69,311
Rate of Diversion (Part D)	0%	0%	0%	0.5%	1.0%	2.0%	4.0%
Number of Member Months Diverted (Part D)	0	0	0	4,061	8,243	16,651	33,269
Adjusted Member Months	780,603	796,215	812,139	820,260	824,321	815,913	798,462
Cost per Member per Month Net of Rebates (PMPM)	\$1,816	\$1,931	\$2,053	\$2,182	\$2,319	\$2,389	\$2,461
Adjusted Cost PMPM Net of Rebates (Part D)	\$1,816	\$1,931	\$2,053	\$1,931	\$2,121	\$2,168	\$2,233
Medicaid Expenditures	\$1,417,911,902	\$1,537,385,159	\$1,666,925,233	\$1,583,922,060	\$1,748,384,841	\$1,768,592,173	\$1,782,688,935
Initiatives ⁵	\$0	-\$24,500,000	-\$56,000,000	-\$28,000,000	\$0	\$0	\$0
Net Expenditures	\$1,417,911,902	\$1,512,885,159	\$1,610,925,233	\$1,555,922,060	\$1,748,384,841	\$1,768,592,173	\$1,782,688,935

¹ Pre-waiver cost, utilization, and enrollment was not fully compiled before the original waiver application was submitted to CMS (March 28th, 2002). SFY02 total Medicaid expenditures, eligible member months and cost per eligible per month have been updated to reflect actuals.

² Net of drug rebates and dual-eligible drug spend, including Home and Community Based Services (HCBS) waivers and other financial payments.

³ SFY 02 total medicaid expenditures adjusted 12 million, from 1,326,699 to 1,307,723,150, to subtract administration costs and the non-MA Community Options Program. Increase between SFY 01 and 02: The nursing home supplement increased by \$36 million (from \$40 to \$77 million). Additionally, Family Care expansion began in 2001 and continues to expand and will continue to expand over the next three years.

⁴ Members estimated by dividing member months by 12.

⁵ Initiatives are cost savings from the following policy changes: prior authorization, preferred drug list, generic first, supplemental rebates and reimbursement rates.

⁶ Trend rates reflect figures negotiated with CMS from the original budget neutrality worksheet (eligible member months: 2.0% and cost per eligible: 6.30%).

⁷ Cost per member change for SFY 2008 to SFY 2009 is conservative estimate based on negotiated trend rate of 6.3%. Declines in member month change for SFY 2009 reflects continued Part D diversion and increases beginning SFY08 to correspond with changes in SeniorCare member eligible month decreases.

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Table 1B Hypothetical Medicaid Members Age 65+ CY 2010 to CY 2015

	Re-estimated Base Numbers Using Actuals to Estimate the Current Waiver Period ¹			New Projections			
	CY10	CY11	CY12	CY13	CY14	CY15	3-year Total
Member Months ¹	855,909	880,788	906,391	931,770	957,859	984,680	2,874,309
Members 65+ ²	71,326	73,399	75,533	77,647	79,822	82,057	239,526
Member Months Change ³	2.9%	2.9%	2.9%	2.8%	2.8%	2.8%	
Rate of Diversion from Medicaid due to Part D ⁴	1.1%	1.0%	1.1%	1.1%	1.1%	1.1%	
Adjusted Members 65+ after Diversion	70,511	72,646	74,709	76,810	78,971	81,193	236,974
Number of Member Months Diverted	9,775	9,035	9,885	10,045	10,206	10,369	30,621
Adjusted Member Months after Diversion	846,133	871,753	896,506	921,725	947,653	974,310	2,843,688
Cost Per Member per Month (PMPM)	\$1,999	\$1,960	\$2,008	\$2,045	\$2,104	\$2,162	
PMPM Change		-2.0%	2.5%	1.8%	2.9%	2.7%	
Net Expenditures ⁵	\$1,691,677,026.73	\$1,708,551,260	\$1,800,260,968	\$1,884,724,865	\$1,994,163,036	\$2,106,490,475	\$5,985,378,375
Intervention-based Services MTM Initiative ⁶			\$152,515	\$158,530	\$178,373	\$227,165	\$564,069
Comprehensive Medication Review (CMR) MTM Initiative ⁶			\$686,318	\$705,624	\$725,473	\$745,881	\$2,176,978
All Funds Net Expenditures with Initiatives	\$1,691,677,027	\$1,708,551,260	\$1,801,099,802	\$1,885,589,018	\$1,995,066,883	\$2,107,463,520	\$5,988,119,422

¹ Member Months CY 2010 to CY 2012 were recalculated in order to better reflect actual experience in the Medicaid Program. Member months CY 2010 to CY 2015 calculated by increasing the prior year's member months by the member months change trend.

² Members calculated by dividing member months by 12.

³ Member months change percentages are based on Medicaid trends. Trends for CY 2010 to 2012 are based on Medicaid trends from CY 2009 to CY 2011. Trends for CY 2013 to 2015 are based on Medicaid trends from CY 2008 to CY 2012 and demographic projections for the over 65 yr populations in Wisconsin.

⁴ Part D's share of diversion is based on the share of SeniorCare members who also have Part D.

⁵ Net Expenditures calculated as adjusted member months multiplied by cost per member per month.

⁶ Medication Therapy Management (MTM) service initiative would have been implemented in 2012 for those 65+ years of age, regardless of SeniorCare.

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Table 2A Medicaid Members 65+ and Expenditures, including but not limited to Pharmacy, SFY 1998 to SFY 2009

	Pre-Waiver Expenditures Previously Submitted to CMS				
	SFY98	SFY99	SFY00	SFY01	SFY02
Member Months	765,095	762,290	763,574	759,105	765,297
Members	63,758	63,524	63,631	63,259	63,775
Cost per Member per Month (PMPM)	\$1,385	\$1,426	\$1,489	\$1,559	\$1,709
Medicaid Expenditures Net of Rebates	\$1,059,737,542	\$1,086,982,017	\$1,136,742,709	\$1,183,751,984	\$1,307,723,150
Net Expenditures Change		2.6%	4.6%	4.1%	10.5%
Member Months Change		-0.4%	0.2%	-0.6%	0.8%
Cost per Member Change		2.9%	4.4%	4.7%	9.6%

	With Waiver Projections Previously Submitted to CMS					
	SFY03	SFY04	SFY05	SFY06 ¹	SFY07	
Member Months	775,224	760,092	765,516	760,728	767,052	780,852
Estimated Members	64,602	63,341	63,793	63,394	63,921	65,071
Cost per Member per Month (PMPM)	\$1,779	\$1,853	\$1,929	\$1,854	\$1,879	\$1,757
Medicaid Expenditures Net of Rebates	\$1,379,133,558	\$1,408,828,437	\$1,477,055,849	\$1,410,717,267	\$1,441,310,377	\$1,372,010,896

¹ SFY06 temporary decrease in member months due to introduction of Part D.

² SFY08 data based on actuals.

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Table 2B Actual Medicaid Members 65+ Expenditures, including but not limited to Pharmacy, CY 2009 to CY 2015

	Updated Actuals			New Projections				
	CY09	CY10	CY11	Estimated CY12	CY13	CY14	CY15	3-year Total
Member Months 65+ ¹	807,768	822,432	850,872	873,552	898,398	923,951	950,230	2,772,579
Members 65+ ²	67,314	68,536	70,906	72,796	74,866	76,996	79,186	231,048
Member Change ³	3.4%	1.8%	3.5%	2.7%	2.8%	2.8%	2.8%	
Cost per Member per Month (PMPM)	\$1,754	\$1,831	\$1,802	\$1,855	\$1,889	\$1,944	\$1,998	
Cost per Member Change ⁴	7.4%	4.4%	-1.6%	3.0%	1.8%	2.9%	2.7%	
Gross Expenditures ⁵	\$1,416,615,333	\$1,505,940,832	\$1,533,256,375	\$1,620,870,257	\$1,697,433,688	\$1,796,542,634	\$1,898,315,812	\$5,392,292,134
Intervention-based Services								
MTM Initiative ⁶				\$146,990	\$152,852	\$172,059	\$219,218	\$544,129
Comprehensive Medication								
Review (CMR) MTM Initiative ⁶				\$302,576	\$311,182	\$320,033	\$329,135	\$960,350
Gross Expenditures with Initiatives	\$1,416,615,333	\$1,505,940,832	\$1,533,256,375	\$1,621,319,823	\$1,697,897,722	\$1,797,034,726	\$1,898,864,166	\$5,393,796,613
Rebates	\$13,390,398	\$14,183,536	\$13,456,321	13,522,569	\$13,589,143	\$13,656,045	\$13,723,276	\$40,968,464
Rebates Change ⁷		5.92%	-5.13%	0.49%	0.49%	0.49%	0.49%	
All Funds Net Expenditures	\$1,403,224,935	\$1,491,757,296	\$1,519,800,054	\$1,607,797,254	\$1,684,308,579	\$1,783,378,681	\$1,885,140,890	\$5,352,828,149

¹ Member months in CY 2009 to CY 2015 calculated by multiplying number of members by 12.

² Members CY 2010 to CY 2012 calculated by increasing the prior year's members by the member change trend.

³ Member change percentage for CY 2013 to CY 2015 is based on a 5-year trend of Medicaid members age 65 years and older.

⁴ Cost per member change CY 2012 to CY 2015 percentage based on DHS financial projections.

⁵ CY 2012 to CY 2015 gross expenditures calculated by multiplying the cost per member per month (PMPM) and the number of member months.

⁶ Medication Therapy Management (MTM) service initiative for MA members effective 09/01/2012.

⁷ Rebates change percentages for CY 2013 to CY 2015 are based on the change in rebate dollars from CY 2009 to CY 2011.

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Table 3A SeniorCare SFY 2003 to SFY2008

	Previously Reported to CMS					
	Actuals					Projected
	SFY03 ¹	SFY04	SFY05	SFY06	SFY07	SFY08
Member Months	550,358	806,585	843,508	883,616	884,626	785,584
Member Months Change		46.6%	4.6%	4.8%	0.1%	-11.2%
Members ²	45,863	67,215	70,292	73,635	73,719	65,465
Cost per Member per Month	\$59.79	\$77.53	\$88.49	\$91.95	\$83.79	\$78.41
Cost per Member per Month Change		29.7%	14.1%	3.9%	-8.9%	-6.4%
Gross Expenditures	\$77,620,456	\$135,832,078	\$154,569,397	\$165,983,179	\$163,466,833	\$145,962,940
Gross Expenditures Change		75.0%	13.8%	7.4%	-1.5%	-10.7%
Spenddown, Deductible & Copays	\$30,752,744	\$45,754,808	\$46,942,625	\$40,984,453	\$39,926,279	\$34,802,485
Deductible & Copays Change		48.8%	2.6%	-12.7%	-2.6%	-12.8%
Drug Manufacturer Rebates	\$13,961,625	\$27,540,314	\$32,986,362	\$43,749,554	\$49,416,222	\$49,559,346
Rebate Change			19.77%	32.63%	12.95%	0.29%
Net Annual Expenditures	\$32,906,087	\$62,536,956	\$74,640,410	\$81,249,172	\$74,124,332	\$61,601,109
Net Annual Expenditure Change			19.35%	8.85%	-8.77%	-16.89%

¹ SFY 03 is lower than other years because the SC program was not in place for the full fiscal year.

² Members estimated by dividing Member Months by 12.

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Table 3B Actual SeniorCare CY 2009 to CY 2015

Actual				New Projections				
SeniorCare	CY09	CY10	CY11	Estimated CY12	CY13	CY14	CY15	3-year Total
Member Months ¹	727,327	739,824	719,030	705,368	697,609	701,097	707,407	2,106,114
Member Months Change ²	-7.42%	1.7%	-2.8%	-1.9%	-1.1%	0.5%	0.9%	
Members ³	60,611	61,652	59,919	58,781	58,134	58,425	58,951	175,510
Cost per Member per Month	\$ 179.94	\$ 168.22	\$ 157.92	\$ 152.59	\$ 151.31	\$ 155.85	\$ 160.52	
Cost per Member per Month Change ²	-3.2%	-6.5%	-6.1%	-3.4%	-0.8%	3.0%	3.0%	
Gross Expenditures ⁴	\$130,873,828	\$124,453,554	\$113,548,836	\$107,632,975	\$105,554,841	\$109,265,093	\$113,555,933	\$328,375,867
Intervention-based Services								
MTM Initiative ⁵				\$118,690	\$118,690	\$130,559	\$163,199	\$412,448
Comprehensive Medication Review (CMR) MTM Initiative ⁵				\$550,451	\$544,397	\$547,119	\$552,043	\$1,643,558
Gross Expenditures with Initiative	\$130,873,828	\$124,453,554	\$113,548,836	\$108,302,116	\$106,217,927	\$109,942,771	\$114,271,175	\$330,431,872
Deductible & Copays	\$24,107,858	\$22,426,684	\$20,474,563	\$17,942,984	\$17,053,012	\$17,649,868	\$18,338,212	\$53,041,092
Deductible & Copays Change ²	-31%	-7.0%	-8.7%	-12.4%	-5.0%	3.5%	3.9%	
Rebates	\$ 53,218,657	\$55,570,501	\$49,969,867	\$50,780,858	\$50,780,858	\$50,780,858	\$50,780,858	\$152,342,575
Rebates Change ²	7.2%	4.4%	-10.1%	1.6%	0.0%	0.0%	0.0%	
Net Expenditures	\$53,547,313	\$46,456,369	\$43,104,406	\$39,578,274	\$38,384,057	\$41,512,045	\$45,152,104	\$125,048,205

¹ Member Months CY 2012 to CY 2015 calculated by increasing the prior year's members by the member change trend.

² Change percentages for CY 2013 to CY 2015 are based on DHS financial projections.

³ Members estimated by dividing Member Months by 12.

⁴ Gross Expenditures are calculated as Member months multiplied by Cost PMPM.

⁵ Medication Therapy Management (MTM) service initiative for SeniorCare members effective 09/01/2012.

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Table 4 Comparison of Expenditures

	Re-estimated Base Numbers Using Actuals to Estimate the Current Waiver Period			Projections		
Comparison	CY10	CY11	CY12	CY13	CY14	CY15
MA Net With Waiver Expenditures	\$1,491,757,296	\$1,519,800,054	\$1,607,797,254	\$1,684,308,579	\$1,783,378,681	\$1,885,140,890
SeniorCare Net Expenditures	\$46,456,369	\$43,104,406	\$39,578,274	\$38,384,057	\$41,512,045	\$45,152,104
Total Net With Waiver Expenditures (MA Plus SC)	\$1,538,213,664	\$1,562,904,460	\$1,647,375,528	\$1,722,692,635	\$1,824,890,725	\$1,930,292,994
Without Waiver Medicaid Expenditures	\$1,691,677,027	\$1,708,551,260	\$1,801,099,802	\$1,885,589,018	\$1,995,066,883	\$2,107,463,520
Savings with Waiver	\$153,463,362	\$145,646,800	\$153,724,274	\$162,896,383	\$170,176,157	\$177,170,527